

Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FPC-01 H-02 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-15
OES-07 SP-02 SS-15 STR-05 ACDA-12 PA-02 PRS-01
EUR-12 FRB-01 XMB-04 OPIC-06 LAB-04 SIL-01 /149 W
-----129679 291137Z /12

R 291025Z OCT 77
FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC 9359
DEPT OF TREASURY WASHDC
INFO USLO RIYADH
AMEMBASSY ROME
AMEMBASSY BONN

UNCLAS SECTION 1 OF 2 KUWAIT 6104

PASS SEC TREAS PARTY FOR ASSISTANT SECRETARY LAITIN
FROM PAO BATOR

E.O. 11652: N/A

TAGS: OVIP (BLUMENTHAL, W. MICHAEL)

SUBJECT: BLUMENTHAL VISIT: DEPARTURE REMARKS OF SECRETARY
AND FINANCE MINISTER

1. TRANSCRIPT OF DEPARTURE REMARKS AT KUWAIT AIRPORT,
OCTOBER 26, MADE BY SECRETARY BLUMENTHAL AND FINANCE
MINISTER ATEEQL.

TRANSCRIPT:

SECRETARY: IN AN EXCHANGE OF VIEWS BETWEEN HIS EXCELLENCY
THE MINISTER AND MYSELF, WE DISCUSSED THE WORLD SITUATION
AS WELL AS THE BILATERAL ECONOMIC SITUATION BETWEEN OUR
TWO COUNTRIES AND WE DISCUSSED THE IMPORTANCE OF MAIN-
TAINING STRONG ECONOMIES IN ALL COUNTRIES, INCLUDING IN
OUR OWN, AND I EXPLAINED TO HIS EXCELLENCY ALL THE
VARIOUS STEPS WE ARE TAKING IN OUR COUNTRY TO ENSURE A
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STRONG ECONOMY AND THEREFORE A STRONG CURRENCY, AND WE
AGREED THAT THAT WAS IMPORTANT TO THE ECONOMIC DEVELOPMENT
OF ALL THE COUNTRIES INVOLVED.

JOURNALIST (IN ENGLISH): DID THE QUESTION OF SUPPORT
OF THE DOLLAR COME UP AT ALL?

SECRETARY: I JUST ANSWERED IT. IT'S IN HERE--RIGHT
HERE. I DID INDICATE THAT (TRAILS OFF -INTERRUPTED BY

NEXT QUESTION).

JOURNALIST (QUESTION ASKED IN POOR ENGLISH); MR. SECRETARY.
THE UNITED STATES LIKES WHOLEHEARTEDLY TO BLOCK AN
INCREASE OF OIL PRICES IN ALL OF ITS CONVENTIONS AND
CONTRACTIONS. IN THIS CASE WHAT ARE THE MEASURES TAKEN
BY PRESIDENT CARTER TO BALANCE THE PRICES OF THE INDUSTR-
IALIZED PRODUCTS SO THAT SOME KIND OF COMPENSATION IS ALLOWED
FROM YOUR COUNTRIES IN THE (UNINTELLIGIBLE).

SECRETARY: WE ARE VERY ACTIVELY ENGAGED IN THE PROGRAM TO
FIGHT INFLATION AND WE ARE ALSO DEVELOPING PROGRAMS OF
STIMULATING OUR DOMESTIC ECONOMY AND IN PARTICULAR INVEST-
MENT--CAPITAL INVESTMENT IN OUR COUNTRY--SO THAT OUTPUT
AND PRODUCTION CAN INCREASE. ALL OF THESE MEASURES WILL
HAVE THE EFFECT OF REDUCING INFLATION. OVER THE LAST
SEVERAL MONTHS, THE RATE OF INFLATION HAS DECREASED SUB-
STANTIALLY IN THE UNITED STATES. IT HAS GONE DOWN. AND THAT
WILL CERTAINLY HAVE A---THE REDUCED LEVEL OF INFLATION WILL
HAVE A MODERATING IMPACT ON THE PRICES OF HIGH EXPORT
PRODUCTS. WE THINK THAT--WITH STABLE OIL PRICES IN THE
WORLD---THAT WILL FURTHER HELP US TO REDUCE INFLATION
AND WITH SUCH STABILITY---THEREFORE OUR PRICES OF EXPORT
PRODUCTS ALSO WILL NOT REGISTER ANY SIGNIFICANT INCREASES
IN PRICE.

(JOURNALIST (IN ENGLISH); DID YOU, MR. SECRETARY, DISCUSS
ANY STABILIZATION OF OIL PRICES FROM KUWAIT OR ANY
OTHER COUNTRY?

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SECRETARY: I DISCUSSED WITH MY COLLEAGUE, HIS EXCELLENCY
THE MINISTER, THE IMPORTANCE THAT WE ATTACH TO STABILITY
IN WORLD OIL PRICES AND I EXPLAINED TO HIM OUR VIEWPOINT,
STRESSING THE FACT THAT THERE ARE STILL MORE IMPORTANT
STABILIZATION PROGRAMS GOING ON IN MANY COUNTRIES, AND
I EXPLAINED THAT, IF THE PRESENT LEVEL OF PRICES CAN BE MAIN-
TAINED AND REMAIN STABLE, THEN THE STABILIZATION EFFORTS
IN THESE VARIOUS COUNTRIES WILL CERTAINLY BE SUCCESSFUL.
FINALLY, I SAID THAT IN THAT SITUATION BOTH THE OIL
EXPORTING COUNTRIES AND THE OIL CONSUMING COUNTRIES
WOULD BENEFIT.

JOURNALIST (IN ENGLISH); DID YOU TALK ABOUT THE MIDDLE
EAST --ABOUT THE PEACE?

SECRETARY: OUR DISCUSSIONS WERE DIRECTED TOWARD ECONOMIC
PROBLEMS BUT I DID UNDERLINE THE GREAT IMPORTANCE PRESIDENT
CARTER ATTACHES TO THE PEACE ---MOVEMENT TOWARDS PEACE---
IN THE MIDDLE EAST. AND I EXPRESSED THE STRONG DETERMINATION
ON THE PART OF PRESIDENT CARTER AND HIS GOVERNMENT TO WORK
VERY CLOSELY IN COLLABORATION WITH ALL OF OUR FRIENDS IN
THE MIDDLE EAST TO BRING ABOUT A JUST AND LASTING PEACE
IN THIS AREA.

JOURNALIST (IN ENGLISH); DID YOU GET ANY ENCOURAGEMENT ON

THE STABILITY OF OIL PRICES--AND TO MAINTAIN A CEILING ON
PRICES.....?

SECRETARY: WE HAD A GOOD EXCHANGE OF VIEWS AND YOU WOULD
HAVE TO ADDRESS YOUR QUESTION ON THE ATTITUDE OF THE GOVERN-
MENT OF KUWAIT TO HIS EXCELLENCY. I WOULD NOT PRESUME TO
(UNINTELLIGIBLE).

JOURNLIAS (IN ENGLISH): DID THE QUESTION OF SPECIAL
DRAWING LINES--OR REPLACEMENT OF THE DOLLAR AS THE UNIT
OF OIL PRICES COME UP?

SECRETARY: WE DISCUSSED ONLY IN GENERAL TERMS THE
DEVELOPMENT WITH REGARD TO GENERAL CURRENCY MOVEMENTS OF
DIFFERENT COUNTRIES, INCLUDING OUR OWN.

TRANSLATOR: GENERAL CURRENCIES?

SECRETARY: WE DISCUSSED THAT ONLY IN GENERAL TERMS--
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DEVELOPMENTS AND RELATIONSHIPS OF DIFFERENT CURRENCIES AS
WELL AS DOLLARS.

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ACTION NEA-10

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R 291025Z OCT 77

FM AMEMBASSY KUWAIT
TO SECSTATE WASHDC 9360
:DEPT OF TREASURY WASHDC
INFO USLO RIYADH
AMEMBASSY ROME
AMEMBASSY BONN

UNCLAS SECTION 2 OF 2 KUWAIT 6104

PASS SEC TREAS PARTY FOR ASSISTANT SECRETARY LAITIN
FROM PAO BATOR

JOURNALIST (IN ENGLISH): BUT THE FINANCE MINISTER --YOUR SAYING, MR. BLUMENTHAL--DID NOT EXPRESS ANY CONCERN ABOUT THE SLIDE IN THE VALUE OF THE DOLLAR THE LAST COUPLE OF MONTHS?

SECRETARY: I DIDN'T GET YOU?

JOURNALIST (IN ENGLISH): WELL, THE QUESTION WAS, I WAS ASKING MR. BLUMENTHAL, THAT THE FINANCE MINISTER DID NOT RAISE--OR DIRECT QUESTIONS, OR EXPRESS CONCERN ABOUT THE DECLINE IN THE VALUE OF THE DOLLAR IN THE LAST COUPLE OF MONTHS?

MR. ATEEQI (SPEAKING IN ENGLISH): WE ARE CONCERNED--ABOUT THAT--AND THAT WOULD HAVE BEEN EXCHANGED--IN IDEAS WITH MR. BLUMENTHAL. BUT IN A VISIT, WHERE WE EXCHANGE POINTS OF VIEW, THERE IS NOT A POSSIBILITY TO REACH AGREEMENT--ON SUCH A VISIT. IT IS A MATTER OF EXPLORING AND LISTENING, AND ACTING. MR. BLUMENTHAL'S VISIT HAS DONE UNCLASSIFIED

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VERY WELL--A VERY SUCCESSFUL VISIT WHERE WE HAVE EXCHANGED POINTS OF VIEW--AND THIS IS HOW WE THINK THAT RELATIONS BETWEEN FRIENDLY COUNTRIES SHOULD EXIST.

2. THE FOLLOWING REMARKS WERE MADE BY FINANCE MINISTER ABDULREHAMAN AL ATEEQI, IN ARABIC, AT THE AIRPORT, TO AL RAI AL AAM (KUWAIT ARABIC DAILY) CORRESPONDENT, ABDULLA AL QAQ, FOLLOWING BLUMENTHAL'S DEPARTURE. REMARKS NOT TAPED. FOLLOWING VERSION IS QUOTED DIRECTLY FROM AL QAQ, BASED ON HIS NOTED:

TRANSLATION (FROM AL QAQ'S ARABIC RESUME):

THE VISIT WAS MERELY TO EXCHANGE VIEWS, NOT FOR SIGNING ANY AGREEMENTS, TO EXCHANGE VIEWS REGARDING THE INTERNATIONAL ECONOMIC SITUATION IN GENERAL AND THE FUTURE OF THE OIL PRICES ON THE ECONOMY OF THE OIL COUNTRIES OF THE WORLD. WE HAVE EXPLAINED OUR STAND AS RELATED TO OIL PRICES--SUCH MATTERS ARE STUDIED WITH THE SCOPE OF OPEC AND WE DON'T WANT TO BE AHEAD OF EVENTS. AS FOR THE QUESTION OF RAISING OIL PRICES OR NOT, WE ARE FULLY CONFIDENT THAT WHEN THE OIL MINISTERS DISCUSS OIL PRICES AT THEIR NEXT MEETING, THEY WILL NOT BE DISCUSSING THEM SIMPLY FROM THE OUTLOOK OF AN ACTUAL DESIRE TO RAISE PRICES, AS MUCH AS FROM ACTUAL DESIRE TO SAFEGUARD OIL RETURNS FROM ERODING IN COMPARISON WITH PRICES OF IMPORTS TO OIL PRODUCING COUNTRIES.

AS FOR THE FLUCTUATION IN THE VALUE OF THE DOLLAR, THE UNITED STATES MUST TAKE THIS ASPECT INTO CONSIDERATION BECAUSE APART FROM SIMPLY THE IMPACT ON THE PRICE OF A BARREL OF OIL, IT ALSO AFFECTS OUR INVESTMENTS ABROAD. THIS SITUATION MAY PUSH THE OIL MINISTERS TO FIND ANOTHER METHOD OF EVALUATION.

BUT GENERALLY SPEAKING, MR. BLUMENTHAL'S VISIT WAS SUCCESSFUL
AND IT IS THE WISH OF ALL PARTIES TO CONTINUOUSLY
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EXCHANGE VIEWS, WHICH IS TO THE BENEFIT OF BOTH OUR
COUNTRIES. END QUOTE.

3. COMMENT: ATEEQL, IN GOOD MOOD AT AIRPORT, JOSHINGLY
ADMONISHED AL QAQ, IN ENGLISH, TO "BE SURE TO PUBLISH
ACCURATELY ALL I SAID."
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Message Attributes

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